ICT Market

Industry Sector Analysis [ISA] ID: 110895

Regions

ANESA	Africa	Southern Africa	AFDB	

Countries

South Africa				

Divisions [Province]

Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Mpumalanga
Northern Cape	Northern Province	North-West	Western Cape	

Industry: **Information & Communication**
Sectors: **Information Services; Telecommunications Equipment; Telecommunications Services**

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approver: **Wanda Barquin**

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The ICT industry in South Africa is expected to grow at a rate of approximately 10% annually, for the next couple of years. Further growth is expected in the wireless, data communications, and IT sectors. US suppliers or manufacturers will have a competitive advantage in the market for packaged software. Key to the success of new entrants includes partnering with Black Economic Empowerment companies (BEE). BEE is a key policy framework of the SAG whereby the economy is being transformed such that the ownership, management and control of the country's financial and economic resources are progressively transferred to the majority of its citizens, specifically targeting race, gender and disability.

ICT MARKET OVERVIEW

SUMMARY

The Information Communication Technology (ICT) sector has been identified in numerous local government strategic documents as one of the key drivers of the South African economy. South Africa has a well-developed infrastructure, communications and banking systems and has the largest and most advanced ICT industry in Africa. The sector ranks 20th globally, accounting for 0.6% of worldwide revenues. More than six thousand companies are active in the ICT sector in South Africa, of which two thirds are located in the Gauteng province. The sector as a whole, contributes 6.4% of the country's GDP.

Most multinational ITC companies have offices or representatives in South Africa, including Microsoft, JD Edwards, Oracle, Bay Networks, Motorola, Cisco, Compaq, Digital, Novell, Lotus, Lawson's, Intel, Dell, and Hewlett-Packard. South Africa is the gateway for the ICT industry into the rest of the continent and many multinational companies whose market is Africa and the Middle East, establish their regional offices in South Africa.

The market is competitive, but the ICT industry in South Africa is expected to grow at a rate of

approximately 10% annually, for the next couple of years. Further growth is expected in the wireless, data communications, and IT sectors. US suppliers or manufacturers will have a competitive advantage in the market for packaged software and strong growth opportunities are expected particularly in the security, storage and mobility sectors, Internet security, Internet-enabled devices; and e-Commerce.

Key to the success of new entrants includes partnering with Black Economic Empowerment companies (BEE). BEE is explained later in this report under "MARKET ACCESS".

END OF SUMMARY

MARKET OVERVIEW

This section includes a brief analysis of the telecommunications and the information technology (IT) industries. IT in this reports includes information on hardware, software, services, and Internet.

Telecommunications

The South African Telecommunications sector is the largest on the African continent, and is regarded as one of the most sophisticated and advanced telecommunications systems, in terms of number of fixed lines, mobile subscribers, data service users, financial revenues and investment, technological capability, local design and manufacturing capabilities. In recent years, telecommunications in South Africa has been characterized by the phased deregulation of the industry and the controlled entry of new players to the market.

Domestic systems consist of carrier-equipped open-wire lines, coaxial cables, microwave radio relay links, fiber-optic cables, radiotelephone communication stations and wireless local loops. The international system has two submarine cables and satellite earth stations (three from Intelsat - one in the Indian Ocean and two in the Atlantic Ocean).

Currently, the leading telecom player is Telkom, 70% owned by the SAG, and 30% by Southwest Bell Corp and Malaysia Telecom. Telkom presently enjoys a monopoly on fixed line services and long-haul carrier and international bearer status. Telkom is likely to maintain its monopoly on fixed-line communications for the next couple of years. In 2001, there were five million fixed subscriber lines, and about two million Internet users. Close to 40% of the fixed line subscribers are located in the Gauteng province, and 100% of these lines are digital.

A second fixed line operator (SNO) license was supposed to be awarded at the end of 2003, but is now postponed to mid-2005. The two bidders, namely Two Consortium and CommuniTel were rejected by ICASA (Independent Communications Authority of S.A.), due to the bidders' inadequate qualification to operate an SNO as well as their lack of financial support. Existing partners of the SNO (state-owned enterprise Eskom telecommunications and Transtel), each remain with a 15% stake of the SNO, and Nexus Connextion (the black economic empowerment partner) with 19% stake.

The telecommunications sector is expected to rise to around R60 billion (US$6.7 billion) by end of 2003. About 85% of telecommunications activities are based in Gauteng, with the sector contributing approximately 7% of the province's GDP, and employing over 70,000 people.

The growth in the South African cellular telephone industry has consistently exceeded all expectations. The entry of a third cellular operator into the market in 2001, Cell-C, prompts a further increase in the number of users/subscribers. There are now over nine million users in the country. Vodacom (50% owned by Telkom, and 31.5% by UK's Vodafone) and MTN dominate

the market. Both have been successful in extending their business to the rest of the SADC (Southern Africa Development Community) region. In South Africa about 88% of cellular connections are on a prepaid basis, and the mobile market is expected to grow from around R14 billion (US$1,6 billion) in 2001 to around R23 billion (US$2,6 billion) by 2004.

[SADC is comprised of : Angola, Botswana, Lesotho, Malawi, Mauritius, (and Seychelles) Mozambique, Namibia, Swaziland, Seychelles, Democratic Republic of Congo, Lesotho, Tanzania, Zimbabwe, and South Africa].

Information Technology

Industry analysts estimate that IT sales to the different sectors of the South African economy was approximately R37 billion (US$4,1 billion) in 2001, with about R9 billion (US$1 billion) being spent by both the manufacturing, finance, insurance and real estate sectors. Sales to the retail sector and public administration totaled approximately US$0,6 billion each. Of the estimated total value of South African IT sales, more than R27 billion (US$3 billion) was spent in the Gauteng province alone, and IT analysts expect it to increase to about US$4.5 billion by 2004.

Most multinational ITC companies have offices or representatives in South Africa. These include, IBM, Microsoft, JD Edwards, Oracle, Bay Networks, Motorola, Cisco, Compaq, Digital, Novell, Lotus, Lawson's, Intel, Dell, and Hewlett-Packard.

Hardware

The hardware sector on the IT industry rose by 7.9% to a total of US$1.7 billion from 2000 to 2001, but local manufacture remain relatively low. Some hardware segments continue to show growth, but they are most likely to be found in smaller, less mature markets of new technologies or niche markets. Strong growth opportunities are to be seen in the storage and mobility sectors. Distribution channels and marketing activities for PCs have changed dramatically over the last few years due to the fierce competition in the PC industry.

Services

South Africa has a relatively strong ICT services sector, but has become extremely competitive locally. As a consequence, many companies have had to focus their attention on small and medium businesses and offer custom tailored products. Some firms have had to diversify and distribute both hard and software products and expand into the SADC and beyond. The IT services sector increased 11.5% from 2000 to 2001 and revenue from the IT services sector was approximately 38% of the total IT spend in South Africa in 2001. There is an increase trend to outsource. Companies are focusing on their core business and outsourcing non-core activities as a means to reduce costs.

Software

The South Africa software market managed to surpass both hardware and the services market with a 14.5% increase from 2000 to 2001. According to market IT analysts, the long term market potential for software looks promising, particularly in packaged software, application integration, middleware, business process management, business intelligence and security areas. It is important to note that South Africa's growing local software development market has typically been solutions-driven, rather than product-driven. And that the country is definitely not a candidate for quick and cheap access to computing, and is extremely averse to "dumping" aged technology.   On average, in South Africa, IT products have a five-year lifecycle. Niche product development has given South Africa a competitive advantage, notably in developing products for

the financial services, retail and manufacturing sectors. Many South African companies develop products for the local market, but with intentions of marketing the product abroad. Around 90% of packaged software is imported, mostly from the US. The distribution chain within the industry varies, depending on the nature and type of software.

Internet

Presently, approximately 7% of South Africans have Internet access (about 3 million), of which 95 % are companies. The market remains relatively low in the home PC market. Reasons include high usage costs, as payment is made to an ISP (Internet Service Provider) and to Telkom for dial-up charges. There were approximately 150 ISP's on the market in 2001, and industry sources speculate that the mobile sector may provide further growth opportunities.

According to ICT market analysts, South African IT security hardware and software market was valued at $36.38m in 2001 and is expected to grow by CAGR (Compound Annual Growth Rate) of 20% to 2006.

 These figures are segmented into five distinctive sub-sectors:

1)	secure content management (anti-virus and content filtering software);
2)	firewall/VPN software;
3)	security 3A software;
4)	encryption software; and
5)	intrusion detection (vulnerability assessment).

MARKET TRENDS

A growing trend in South Africa is mobile commerce and WAP spurred on by the high data speed that GPRS (General Packet Radio Services) offers. The number of WAP enabled phones is estimated to grow (from near-zero in 1999) to 2.4 million in 2005. This high-speed data transfer will take two forms:

GPRS, and Bluetooth wireless data transfer technology. This technology already enables users to connect a wide range of computing and telecommunications devices easily without the need to buy, carry or connect cables   This, however, will not help people who already have WAP phones, as subscribers will need new GPRS handsets to take advantage of greater data transfer speeds. GPRS is the stepping-stone to Universal Mobile Telephone Service, a mobile phone system that in a few years will see data speeds so fast people will be able to videoconference from their hand-held devices.

Access to online banking services via a WAP phone, m-commerce-enabled vending machines, and booking aeroplane tickets are just some of the services which will be possible with mobile commerce. A key factor in the acceptance of these services will be the increased security that will be available from dual card handsets. These will allow subscribers to scan smart cards or credit cards in their mobile handsets as a secure method of payment. As the increasing demand for mobility changes the way companies are doing business, new technology will be needed to support advanced communications.   Merrill Lynch, a leading banking and research house, estimates that 5.5 billion Bluetooth modules will be in use internationally by 2005.

IMPORT MARKET

New players entering the market will have to compete with well-established companies and their branded products. However, as technologies and trends change continuously, companies who are able to sustain a long-term view of the local market will remain competitive. Another important

factor for U.S. companies is that they should look at supporting the emerging black-owned businesses, which will have direct benefits for the marketing and distribution efforts. (more information on BEE is available under "Market Access").

The distribution chain within the industry varies, depending on the nature and type of ICT product. For example, professional software is distributed to end-users directly by the OEM's (Original Equipment Manufacturers) subsidiary, or joint-venture partner or via VAR's (Value Added Resellers). The PC market is supplied by a large number of computer manufacturers and assemblers - OEMs, sales and distribution channels, VARs, circuit board and accessory suppliers.

Telecommunications

Most equipment is imported, and the major international manufacturers are well represented, such as Siemens (Germany), Alcatel (France), Nortel (Canada), Motorola (USA), and Ericson (Swirzerland).   Major South African companies include Plessey, Grintek Telecoms, and the Altron Group. Most players in this industry distribute imported equipment, and some have begun operating beyond in the rest of the SADC and beyond.

Hughes Network Systems, Inc. (HNS), a provider of broadband satellite solutions, has recently selected Grintek Telecom as its representative in South Africa, with special focus on the Telkom SA Limited account. Grintek will work together with HNS to pursue the VSAT (Very Small Aperture Terminal) networking business with Telkom. The companies plan to extend the market for satellite solutions to include the delivery of broadband entertainment services such as live video and audio streaming, as well as tapping the telemedicine and distance education markets.

Information Technology

Software:

The U.S. has the major market share of software imports, which stands at around 84%; the balance coming mainly from Israel, France and Germany. Local software development is restricted to specialized application software, predominantly in technological markets, i.e. engineering and electronic applications.

Hardware:

The major third country suppliers of computer hardware are mainly from the Far Eastern countries, and to a lesser degree, from Italy and France. There are large local assembly operations with components imported mainly from the Far East. Local companies have to compete not only with other local companies, but also with the big multi-nationals, which are now operating in South Africa.

Import Duties

Example:
Software is subject to the following tariffs:
 No import duty, only 14% value added tax - (VAT) on value of products. HS Code: 8524
No restrictions or quotas exist on computer hardware imports into South Africa:
Import duty is 6.5%, plus14% value added tax - (VAT) on value of products. HS Code: 8471

For more information on import duties, tariffs etc, S.A. customs: **www.cargoinfo.co.za**

 DIRECT IMPORT COSTS TEMPLATE

The example below shows the case of semi-finished goods imported for resale by a company.

Base Price	100.00
Freight 8 percent (average)	8.00
C&F	108.00
Insurance 1.5 percent of C&F	1.62
Dutiable Base = CIF	109.62
14 percent Duty (or other Applicable duty rate)	5.35
0.5 percent Statistics Tax on CIF (not levied on capital goods)	0.54
VAT Base	125.51
VAT 21 percent	26.35
VAT 9 percent (withholding On VAT Base)	11.30
3 percent advanced profits tax (Withholding on VAT base)	3.76
Port Costs (unloading, storage, Etc.-Approximately 6 percent)	6.58
Freight forwarder fees (1.5 percent on CIF)	1.64
Bank charges (Draft of Letter of Credit, 1.5 to 2 percent of FOB)	2.00
Landed Cost	177.14

Statistical Data

Information and Communication Technology (ICT)

ICT	2001	2002	2003
Total Market Size	5,000	6,200	8,000
Total Local Production	4,250	5,270	6,800
Total Exports	150	186	240
Total Imports	750	930	1,200
Imports from U.S.	250	310	480

Note:
All figures in US$ millions
Above figures are unofficial estimates obtained from industry sources.
2001 Rand/Dollar exchange rate: US$1 = R 8,60
2002 Rand/Dollar exchange rate: US$1 = R10.52
2003 Rand/Dollar exchange rate: US$1 = R 8,00

COMPETITION

Most recognized international companies including, Microsoft, IBM, ICL, Unisys and Hewlett-Packard, have a strong presence in the Gauteng province.   The entry or re-entry of new ICT companies will face fierce competition, with U.S. companies dominating the software market. The entry strategy of approximately 50% of new entrants or re-entrants has been to link themselves with local companies through mergers and acquisitions.

Many South African companies develop products for the local market, but with intentions of marketing the product abroad. Around 90% of packaged software is imported, mostly from the United States of America.

Taiwanese and other Far Eastern software suppliers who offer low prices have dominated the South African hardware market since 1987. U.S. companies lost market share because of

sanctions (AAA - Anti Apartheid Act) and stringent U.S. export license requirements. U.S. market share for computer hardware in South Africa currently stands at around 38%, trailing the market share of Far Eastern imports. Key competitive factors when dealing with the South African business communities are cost and delivery time.

Factors that give U.S. companies competitive advantage in the local market are service reliability, after-sales service, price competitiveness, and back-up support.
Following is a list of ICT companies in South Africa. For contact details and country of origin, please contact: **Luisa.D.Santos@mail.doc.gov**

Alcatel, Siemens, Ericson, Sprint, 3Com, JD Edwards South Africa Pty Limited, Hewlett Packard, Dimension Data Holding Ltd, UUNet, M-Web Business Solutions, NetActive Pty Limited, World Online, The Internet Solution Pty Ltd, CiTec.

There are also a number of associations in the ICT sector. These include:
-         IISA (Information Industry, SA.);
-          ITA (Information Technology Association);
-          ECASA (Electronic Commerce Association of South Africa);
-         CSSA (Computer Society of South Africa);
-          BITF (Black Information Technology Federation);
-          ITITB (Information Technology Industry Training Board);
-          EIF (Electronic Information Forum);
-         CSSA (Computer Society of South Africa);
-          NITF (National Information Technology Federation);
-          ITUC (Information Technology Users Council); and
-         SAVA (South African Vans Association)

The Southern Africa Global Competitive Hub

The Southern Africa Global Competitive hub was created in 2001 when President George Bush announced that the US Government planned to establish three regional trade hubs. Primarily, this Trade Hub was created to enhance competitiveness and consequently help African businesses take advantage of the opportunities provided by AGOA (Africa Growth and Opportunity Act). The Southern African trade hub in Gaborone, Botswana, was the first to be established in the SADC. The Southern Africa Global Competitive hub is the central point where Southern Africans can gain access to US markets through business linkages, capacity building services and problem solving trade facilitation. The Hub has six main objectives:

- enhance the competitiveness of Southern African products and services;
- expand the role that trade can play in African poverty reduction strategies;
- promote US/Southern African business linkages;
- improve the delivery of public services supporting trade;
- strengthen Southern African capacity for trade policy formulation and implementation;
- strengthen the enabling environment for Southern African business.

SALES PROSPECTS

The SAG, along with private sector companies, is committed to the development of a technologically literate, society; an advanced communications and IT infrastructure; an internationally recognized base of knowledge-industry skills. Given the widespread desire to address the problems of poverty and underdevelopment; and the unique social makeup of the country, South Africa makes an ideal place to develop products that start to bridge the digital divide. The medium to long-term market potential for software is evident.

Strong growth opportunities are expected particularly in the security, storage and mobility sectors, Internet security, Internet-enabled devices; and e-Commerce. The shift towards the e-commerce enablement of business processes means that the primary driver of services growth will be systems integration. Growth in IT support and maintenance should further increase due to the trend towards outsourcing.   On the mobile side, opportunities exist for handsets that are compatible to the GPRS networks.

MARKET ACCESS

This section of the report describes non-tariff barriers (e.g., proposed SAG policies), and contains lists of contacts of certifying entities. This section also touches on some important SAG developments that will help U.S. businesses better understand the dynamics of doing business in South Africa.

SAG Policies

Policy has been somewhat inconsistent as the SAG pursues ICT enabled economic growth. The SAG is attempting to put forward a coherent high-level national policy framework that all departments work within and towards. Industry sources are asking that the policy include the de-bundling and licensing of VANs from basic telephony. Even rudimentary competition would improve the current low quality of service and reduce high costs. Universal Service Provisions should be retained for all licenses to promote equitable development. Additionally, telecommunications infrastructure should be de-bundled from telephone service to prevent the needless duplication and fracturing of infrastructure.

The Convergence Bill

One of the key changes is the SAG's commitment to a horizontal licensing structure. This means that instead of licensing fixed-lines, satellite and cellular operators, the SAG would issue general infrastructure licenses that do not specify any preference for a particular technology. A similar approach would be taken with service licenses, creating a less restrictive, more equitable and more competitive environment for all players.

The convergence colloquium has to date, come up with the following conclusions:
·   The managed liberalization process needs to continue;
·   The ICT industry needs appropriate policy changes in order for the economy to reap the benefits of new technologies and of the expansion of service offerings to consumer and citizens in general, to the benefit to all South Africans;
·   There is a need to change the licensing structure from a vertical to a horizontal regime and mechanisms need to be defined for the transition to the new license regime. There is a need for an orderly movement to a new market structure;
·   There is a need for a new licensing regime that should place emphasis on technology neutrality, spectrum licensing that is transparent and equitable, and spectrum allocation based on the concept of scarce resource management and national interest;
·   There is a need to change the regulatory regime to "light touch" with emphasis on self-regulation, co-regulation, encouraging effective competition, open, fair and equal access, faster and more efficient processes, with a strengthened and well-resourced regulatory agency;
·   There is also the need to strengthen mechanisms for ensuring that there is effective competition in the new converged industry;
·   Local content creation and applications development need to be encouraged;
·   There is a general commitment to universal access and service and black economic empowerment.

Black Economic Empowerment (BEE)

Black Economic Empowerment (BEE) is a key policy framework of the SAG whereby the economy is being transformed such that the ownership, management and control of the country's financial and economic resources are progressively transferred to the majority of its citizens, specifically targeting race, gender and disability.

BEE opportunities are built into a broad range of processes including Public Sector Restructuring (e.g. privatization of state owned enterprises), awarding of licenses (e.g. broadcasting, mining, and others, state procurement of goods and services etc.).

Following other SAG initiatives to develop and extend the ICT-E sector, the Department of Trade and Industry (DTI), in partnership with the following non-profit industry organizations, has developed a database of Black Economic Empowered (BEE) companies in the ICT-E sector.

- ·   South African Electro Technical Export Council (SAEEC)
- ·   Electronics Industry Federation (EIF)
- ·   Information Technology Association (ITA)
- ·   Information Industry SA (IISA)

The DTI, SAEEC and EIF provided funding for this development. The database is a valuable tool to:
- Equip players in the ICT and Electronics sectors to identify BEE partners, and develop new value chains; and
- Provide BEE companies with a powerful marketing platform to showcase their companies to both local and international players.

The database is a first phase in a project to encompass all companies in the ICT-E Sector.

More information is available via the web: **www.2dti.gov.za/BEECompanies**

ICT Empowerment Charter

The ICT sector has been identified in numerous SAG strategic documents as one of the key drivers of the South African economy. The priority given to this sector was evident when President Mbeki established a South African and international Advisory Council on ICT earlier this year. In the South African context, the sector includes the following distinct but related sub-sectors: Information Technology, Telecommunications, Communications, Electronics, and multi-media.

The Empowerment Charter for the ICT Sector is an industry-driven document being put together by major stakeholders in the ICT sector, together with valuable input from the SAG, including the Department of Communications (DoC) and the Department of Trade and Industry (DTI).

Currently, the ICT Empowerment Charter Working Group include groups such as the Black IT Forum (BITF), the SA Communications Forum (SACF), the Computer Society of South Africa (CSSA), the Electronic Industries Federation (EIF), Information Industry South Africa (IISA), Information Technology Association (ITA) and the South African chamber of Business (SACOB). The DoC and the DTI are kept informed of the working group's progress.   The ICT Empowerment Charter Working Group is currently inviting a wide range of audience to participate in and make input into the charter document which will be made available in final form and submitted to the SAG by the end of 2003.

Regulatory Body

South Africa's telecommunications regulator is ICASA (Independent Communications Authority of S.A.). ICASA regulates the telecommunications and broadcasting industries in the public interest.

Its key functions are to:

- make regulations and policies that govern broadcasting and telecommunications;
- issue licenses to providers of telecommunication services and broadcasters;
- monitor the environment and enforce compliance with rules, regulations and policies;
- hear and decide on disputes and complaints brought by industry or members of the public against licensees;
- plan, control and manage the frequency spectrum; and
- protect consumers from unfair business practices, poor quality services and harmful or inferior products.

Contact details:
ICASA
Private Bag X1
Marlboro 2063
Republic of South Africa
Tel: (27)(11) 448-2496
Fax: (27)(11) 448-2499
www.icasa.org.za

The Industrial Participation Program (IP)

All SAG and parastatal purchases and contracts (goods, equipment or services) with a minimum imported content of USD 10 million, are subject to an Industrial Participation (IP) obligation. The IP became obligatory in September 1,1997. All industrial Participation Projects/Business Proposals must be based on the principles of mutual benefit and business sense.   The IP program was designed to encourage foreign suppliers of major SAG contracts to seriously evaluate the South African market as a potential business location. Objectives of the IP Program include:

- Sustainable economic growth;
- Establishment of new trading partners;
- Foreign investment into South Africa;
- Exports of South African "value added" goods and services;
- R&D collaboration in South Africa;
- Job creation;
- Human resource development;
- Technology transfer; and
- Economic advantages for previously disadvantaged communities.

SAG Tenders / Procurement

Department of Communications (DoC)

The Doc is the public service arm of the Ministry for Posts, Telecommunications and Broadcasting. The DoC is also the center of policymaking and policy review for the Posts, Telecommunications and Broadcasting sectors in the country.   It has developed a supplier database, which will assist with requests for quotations by giving all registered suppliers an equal opportunity to submit quotations.

Applications may be hand-delivered, posted or emailed. Invitation to apply is also available on DoC's website: **http://docweb.pwv.gov.za**

Contact details:

Department of Communications
Private Bag X 860
PRETORIA 0001
South Africa
Tel: (27)(12) 427 8297
Fax: (27)(12) 427 8257
E-mail: **tumi@doc.pwv.gov.za**

 Telkom S.A.

All open Telkom tenders are published in the Tender Bulletin. Electronic tender notifications are available on Telkom's website: **www.telkom.co.za**

Contact Details:
Telkom South Africa - Head Office
Private Bag X780
Pretoria 0001
South Africa
Tel: (27)(12) 311-4452
Fax: (27)(12) 311-5753

State Information Technology Agency (SITA)

The agency was set up to implement policy and execute IT projects. SITA is mandated to provide IT and related services to, or on behalf of, participating governmental departments, and in turn act as an agent of the SAG. The National Treasury transferred all State Tender Board functions on IT procurement to the State Information Technology Agency (SITA). Requirements for IT for the various SAG departments are handled through SITA by the Information Technology Information Center (ITAC) through a tender process outlined on the SITA web site **www.sita.co.za**.

Contact details:
SITA - Head Office
P.O. box 26100
Monument Park, 0105
Pretoria 0001
South Africa
Tel: (27)(12) 482-3000
Fax: (27)(12) 482-2100
www.sita.co.za

SAG Communication and Information Service (GCIS)

The Government Communication and Information Service (GCIS) provides a central point within the SAG and all government-related information can be obtained on request. Last year, the GCIS IT directorate announced a short-term goal of ensuring the appropriate skills development of relevant GCIS personnel and the outsourcing of core technology requirements to the SAG's State Technology Agency (SITA). The medium-term goals are the implementation of a more sophisticated search engine, improved bandwidth in communication infrastructure and the implementation of firewall services in the regional offices. The long-term strategies include the implementation of document management systems, improve communication technology.

The GCIS is also responsible for maintaining the SAG web site. Contact details are as follows:

GCIS - Head Office

Private Bag X 745
Pretoria 0001
South Africa
Tel: (27)(12) 314-2911
Fax: (27)(12) 325-2030
www.gcis.gov.za

Steps toEstablishing an Office

The Companies Act of 1973, which is administered by the Registrar of Companies, regulates the formation, conduct of affairs, and liquidation of all companies. The act makes no distinction between locally owned or foreign-owned companies. Companies may be either private or public. Foreign companies establishing subsidiaries in South Africa must register the subsidiary in accordance with the act. The SAG contact is the Registrar of Companies.

Contact details:
Companies + International Property Registration Office
PO Box 429
Pretoria 0001
South Africa
Tel: (27)(12) 0861 843384; Fax: (27)(11)254 9650
www.dti@e-centric.co.za
www.cipro.gov.za

STANDARDS

The South African Bureau of Standards (SABS) is the regulatory body for standards in South Africa. They are currently one of several organizations lobbying for the introduction of compulsory standards for the IT industry, based on international norms. Two standards are compulsory:

- Safety requirements based on the International Electro technical Commission's standard IEC950. The South African version is SABS IEC950.

- Radio interference standards SABS CISPR 22.

Most IT vendors have either achieved or are working towards ISO9000 certification. The SAG and other major company tenders are increasingly specifying this requirement. Application for ISO 9000 listing may be obtained from the SABS.

The following SABS documents set out recommended standards for the IT industry:

1.   SABS ARP 021 Recommended Practices Document.

2.   SABS ARP 031 Safety Requirements for IT equipment for Connection to the S.A. Public Switch Telephone Networks. (This standard is more stringent than international standards due to the high incidence of lightening strikes in South Africa.)

3.   SABS ARP 034 Verification of Computer Software.

4.   SABS ISO 1056 IT Printing Devices - Methods for Measuring Computers throughput.

There are several ISO overprints on smart and magnetic cards, and documents relating to Electronic Data Interchange (EDI). In accordance with international certification, all computer equipment must have an EMI certificate, without which is illegal to operate such equipment in South Africa. Equipment can be examined and certified by the SABS.

The following technical norms apply in South Africa:
- Electric power 220 volts 50 Hz
- Metric system
- Modems are required to be CCITT.

The South African Certification Agency - SACA - is South Africa's leading provider of digital ID Certificates, which authenticates both sides of an electronic transaction and ensures that transactions are not illegally intercepted or tampered with SACA also offers encryption products and services.

Contact details:

SABS
Private Bag X191, PRETORIA 0001
South Africa
Tel: (27(12) 428-6666
Fax: (27)(12) 428-6928
E-Mail: **info@sabs.co.za**

UPCOMING TARDE SHOWS

9th ANNUAL EVENT
Cards Africa 2003
Dates: November, 5-7, 2003
Venue: Sandton Convention Center, Johannesburg
Organizers: Terrapin
Contact details:
Tel: (27) (11) 463 2802
Fax: (27) (11) 463 6000
www.terrapinn.com

SATCOM AFRICA 2004
Dates: February 17-19, 2004
Venue: Sandton Convention Center, Johannesburg
Organizers: Terrapin
Contact details:
Tel: (27) (11) 463 2802
Fax: (27) (11) 463 6000
www.terrapinn.com

FUTUREX (Major ICT Trade & Exhibition)
Dates: May 18-21, 2004
Venue: Sandton Convention Center, Johannesburg
Organizers: Exhibitions for Africa
Contact details:
Tel: (27) (11) 886-3734
Fax: (27) (11) 789-6562
www.exhibitafrica.co.za

Customer Contact World Africa 2004
Incorporating Contact Centers World Africa 2004
Dates: July 20-23, 2004
Venue: Sandton Convention Center, Johannesburg
Organizers: Terrapin

Contact details:
Tel: (27) (11) 463 2802
 Fax: (27) (11) 463 6000
www.terrapinn.com

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Glossary:

3A software   Authentication, Authorization, Administration,
BEE: Black Empowerment Enterprises
CAGR: Compound Annual Growth Rate
GDP: Gross Domestic Product
GPRS: General Packet Radio Services
GPS: Global Positioning Systems
ICASA: Independent Communications Authority of S.A.
ISP: Internet Service Provider
OEM: Original Equipment Manufacturers
SADC: Southern Africa Development Community
SNO: Second Network Operator
VAR: Value Added Re-sellers
VPN: Virtual Private Network
VSAT: Very Small Aperture Terminal
WAP: Wireless Application Protocol